

DRAFT

Approved For Release 2000/08/29 : CIA-RDP79R00890A000200020030-0

NSC BRIEFING

28 December 1953

## THE SITUATION IN IRAN

### I Resumption of diplomatic relations between Iran and Britain.

A. First break in three-year impasse between two countries paves way for a new attempt to settle oil problem.

B. <sup>23</sup>  
*formal* Resumption of relations on 23 December was followed by arrival in Tehran on 21 December of British chargé Dennis Wright and his staff of 15.

C. Wright's major task is to assess Iranian attitude toward an oil settlement and report to London. This will take at least several weeks; *may take considerably longer.*

### II Anticipated developments in oil negotiations.

A. After oil talks actually begin, a minimum of several months of negotiating are expected.

B. British attitude will be determined largely by Wright's assessment.

future marketing arrangements for Iranian oil.

25X1X

D. [REDACTED]

that Iran would not agree to any one company holding more than 35 percent, and no single country 50 percent or more, of the shares in any consortium.

E. Other points of difference will appear as both sides prepare for actual talks. Differences will include compensation due AIOC, use and control of foreign technicians, and refined versus crude oil production.

F. It will probably be months, before any agreement can be reached. *Still no assurance of ultimate agreement.*

### III Internal problems facing Zahedi.

A. In trying to establish confidence in his regime, Prime Minister Zahedi must win public support for his oil negotiations.

B. He must convince public that he will protect Iran's rights in coming oil talks. Since his government has just sentenced to prison former prime minister Mossadeq, father of oil national-

not a British tool.

C. Old Majlis and Senate have been dissolved and elections

for new Majlis are scheduled to take place within ~~one month~~ <sup>before end of January</sup>.

Elections for Majlis and Senate will take place on separate days, but each must be completed within 24 hours. Previously elections lasted many months and often were never completed.

D. Shah and prime minister reportedly have agreed on list of candidates whom they will support covertly. Organizations allegedly have already been set up to manipulate elections in

government's favor.

*candidates.*

E. If a parliament amenable to government can be elected and be available to approve prime minister's actions, stigma of military dictatorship will be removed from Zahedi regime.

F. In elections Zahedi will face both Communist and non-Communist opposition. It is likely that electoral cooperation will be established between Tudeh and some non-Communist groups in an attempt to elect anti-Zahedi deputies.

G. Communists will not run as Communists since Tudeh continues to be abanned.

~~TOP SECRET~~

Approved For Release 2000/08/29 : CIA-RDP79R00890A000200020030-0

H. Main disruptive influence in new Majlis, as in previous ones, will be opportunistic character of many deputies ~~for~~ 25X6.

 and pressure of special interests.

IV Friction between shah and Zahedi.

A. Continued possibility of serious friction arising between shah and Zahedi remains a threat to governmental stability.

B. Although earlier disagreements between two apparently were resolved, shah's intervention on Mossadeq's behalf raises possibility of new friction.

C. Shah, by announcing his forgiveness of Mossadeq's offenses against throne, apparently hoped to win/favor and disassociate himself from court's sentence. An unfavorable reaction would accordingly be directed against Zahedi rather than shah.

D. Zahedi reportedly strongly opposed shah's intervention before sentence was passed.

E. Mossadeq's continued presence within country will constantly remind his adherents of his potential availability and invite

action to free him. ~~His presence will continually~~ *be continuing*

Approved For Release 2000/08/29 : CIA-RDP79R00890A000200020030-0

~~TOP SECRET~~

~~CONFIDENTIAL~~

concern ~~the~~ <sup>of</sup> government.

F. Mossadeq's appeal for review of his sentence was granted.

Preceedings will start <sup>2 January</sup> ~~next Saturday~~ and may take several weeks.

<sup>appeal</sup>  
Although/court is competent to change lower counts' sentence

in any direction, it is likely that decision will be sustained

unless shah again intervenes. *A further appeal is possible if the shah should authorize an extraordinary court to pass on the case.*

Next few months will be crucial for Iran's future. Success

or failure of pro-Western Zahedi government hangs on its ability

ILLEGIBto make substantial economic and social progress even after present <sup>45 million</sup> ~~present~~ <sup>furnished by the US</sup> emergency financial aid runs out in March or April.

~~TOP SECRET~~

Approved For Release 2000/08/29 : CIA-RDP79R00890A000200020030-0

## THE SITUATION IN IRAN

### BACKGROUND

#### Iranian Oil Production

- I Annual production prior to nationalization (21 March 51) -  
*(242 million barrels in 1950 - last year full production)*  
about 33,000,000 tons of crude/year -- about 80 percent  
was refined, mostly exported; about 20 percent was crude,  
mostly exported.
- II Total production since nationalization: Probably about  
2,500,000 tons -- exported about 135,000 tons, mostly  
crude; domestic sales about 2,000,000 tons.
- III Oil revenues produced 12 percent of Iran's budget and 30 percent  
of country's total income.
- IV After a settlement is reached, Iranian production will resume  
slowly and will probably not reach full capacity for three  
years. Oil experts believe that slowly rising Iranian pro-  
duction can be accommodated on world markets with only  
small cutbacks elsewhere.

Approved For Release 2000/08/29 : CIA-RDP79R00890A000200020030-0

~~TOP SECRET~~

25X6

Approved For Release 2000/08/29 : CIA-RDP79R00890A000200020030-0

Approved For Release 2000/08/29 : CIA-RDP79R00890A000200020030-0

THE SITUATION IN IRAN

BACKGROUND

New Iranian elections:

- I Elections for a new Majlis and Senate will be held before end  
of January.
  - A. Government intends elections will be held simultaneously *in*  
*all districts* and be completed within a 24-hour period, with Majlis and Senate elections ~~held~~ on separate days.
  - B. This would contrast with customary procedure where elections have dragged on for months.
    1. Elections to last Majlis were never completed.
    2. After <sup>81</sup> out of 136 deputies had been chosen, Mossadeq government suspended elections in 30 districts where vote was going against its supporters.
- II Of 136 Majlis deputies to be elected, 12 are from Tehran and  
124 from provincial districts.
  - A. Deputies need not reside in districts which elect them.

CONFIDENTIAL



CONFIDENTIAL

Approved For Release 2000/08/29 : CIA-RDP79R00890A000200020030-0

B. Each deputy is elected for two years; term dates from

day three fourths of deputies are in Tehran.

C. Simple majority (69 deputies) constitutes a quorum.

III. Senate has 60 members; regular term is six years.

A. Half of Senate is elected; other half appointed by shah.

B. Half of the Senators elected and half of those appointed must be from Tehran; remainder must come from provinces.

C. Senators must be residents of districts from which they are appointed or elected.

*IV Population of Iran is estimated at 18 million  
Tehran's population is estimated at 850,000.*

Approved For Release 2000/08/29 : CIA-RDP79R00890A000200020030-0

CONFIDENTIAL

THE SITUATION IN IRAN

SIDELIGHTS

- I. Iranian electoral law on Majlis candidates: "Candidates must be completely honest by reputation."
- II. More than 3,000 candidates are anticipated to file for the 136 seats.
- III. New Tudeh slogan at time of arrival of British chargé: "Chargé d'affaires go home!"
- IV. Between the time of Zahedi's assumption of power and 13 November, reports show that about 3,000 Tudeh and pro-Mossadeq sympathizers had been arrested. Of these about half appear to have been released.
- V. Many of those arrested have been exiled without trial to prisons in Luristan in west-central Iran and to the Persian Gulf island of Khark. Facilities at these two places were strained by the sudden influx of prisoners and strenuous efforts are being made to build the necessary quarters and requisition supplies.

**THE SITUATION IN IRAN**

✓ Status of Communist penetration of Iranian military establishments

- I. In April 1953 a commission of high-ranking Iranian officers estimated 1,600 Tudeh members in armed forces, 900 in the Army, 300 in the Air Force and 200 each in the Military College and Military High School.
- II. Iranian army intelligence has long shown awareness of Tudeh activity in army and is familiar with Tudeh army officers organization and has identified various individuals involved.
- III. Iranian G-2, Colonel Pakravan, has been in charge of ferreting out Tudeh in the Army. Several hundred army officers, non-coms and soldiers have been arrested. In G-2's office four officers out of a total of six, and 20 non-coms out of a total of 25 to 30 have been removed for suspected Tudeh sympathies. Of those arrested around 250 non-commissioned officers have reportedly been summarily dismissed from the service after their arrest, others have been exiled. At least sixty officers who were under arrest, presented a problem because the documentary proof of their complicity in the Tudeh party

~~SECRET~~

~~CONFIDENTIAL~~

Approved For Release 2000/08/29 : CIA-RDP79R00890A000200020030-0

IV. Attention was drawn particularly to Tudeh infiltration of the Air Force on 22 September when Communist sympathizers succeeded in temporarily sabotaging 13 planes.

25X1X

V. The Iranian Chief of Staff, in October, asked the [REDACTED]  
25X1X

[REDACTED] for a list of Communists known to by  
25X1X

[REDACTED] to be in the Iranian army. He said that he could not locate his own list.

VI. In early November 1953 Iranian G-2 remarked that only a small proportion of Party members or sympathizers in the army have been known or apprehended. In later statements he has been more optimistic, although there is no convincing evidence that the situation has changed markedly.

VII. It probably is true that current Iranian army efforts to remove Communist sympathizers are more widespread and more successful than during the Mossadeq's regime. However, the army has neither the the experience knowledge, nor the organization to do an effective job.

Approved For Release 2000/08/29 : CIA-RDP79R00890A000200020030-0

-2-

~~SECRET~~

~~CONFIDENTIAL~~